

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, Council Member District No. 6

A **meeting** of the **Committee on Finance**, Standing Committee of Berkeley County Council, was held on Monday, **February 22, 2010**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 6:05 p.m.

PRESENT: Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Caldwell Pinckney, Jr., Council District No. 7; Committee Member Steve C. Davis, Council District No. 8; County Supervisor Daniel W. Davis, ex officio; Mrs. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

Chairman Schurlknight called the meeting to order. Committee Member Pinckney gave the Invocation, and Committee Member Call led in the Pledge of Allegiance to the Flag of the United States of America.

Chairman Schurlknight: "Before we go any further into my Committee, we have an employee presentation we would like to go ahead and do. Mrs. Turner and Supervisor Davis..."

Supervisor Davis: "While Nita is coming forward I want to read a proclamation and this is a proclamation naming Chris EsDorn as the 2009 Berkeley County Employee of the Year. [applause] This proclamation reads: 'Whereas Berkeley County Government is dedicated to recognizing the outstanding accomplishments of its employees and whereas a select group of Berkeley County employees are nominated and chosen by their peers to be considered for this special recognition and whereas Chris EsDorn is employed in the EMS Department as a paramedic/shift supervisor and has been with Berkeley County for six years and whereas Chris EsDorn has been nominated by his peers for this award because of his significant contributions to the citizens of Berkeley County and whereas the Berkeley County Employee Awards Committee and the County Supervisor recommend to the Berkeley County Council that Chris EsDorn be recognized as the 2009 Berkeley County Employee of the Year. Now therefore be it proclaimed by the Berkeley County Council by and through its Chairman Daniel W. Davis that Chris EsDorn is hereby named the 2009 Berkeley County Employee of the Year and be it further proclaimed that the gratitude of Berkeley County Council is hereby expressed to Chris

EsDorn for his outstanding work and service to the citizens of Berkeley County this 22nd day of February, 2010', and Nita I will turn it over to you."

Nita Turner: "I just wanted to read why Chris was elected. He's been with us for about five years and he has the Berkeley County Government Public Information Educational Resource Team and he is the chair of the state PIER team. This team promotes accident prevention and safety education, making presentations at schools, events, centers, companies, etc., Collectively the Berkeley County team has reached over 10,000 children with their specialized education program. In fact, the Berkeley County PIER team recently took home the 2009 statewide achievement award for their outstanding efforts. Additionally, Chris spearheaded an effort to seek assistance from the Ruritans, a social organization, and he secured a donation of hundreds of teddy bears for Berkeley County EMS personnel to distribute to children whenever they are in the ambulances. He even took his time to travel to get the bears and to bring them back and to make sure that they were distributed evenly, so for that we want to once again say congratulations to Chris." [applause]

Bob Mixer: "I'm never gonna pass a mike by. Something I want to tell you. First of all, you have about a hundred EMS employees who work hard for you every day trying to keep you safe and trying to keep you healthy. What Chris has done is that Chris has gone the extra mile to take those people who haven't gotten injured yet or ill yet and to keep them from doing that, that's what a PIER team does. His job is to keep you from having that heart attack and so for that we, the EMS service, recognize him and now you the county have recognized him as well so we appreciate that Chris." [applause]

Chairman Schurlknight: "Bob, from Council to you and Chris, we got a great EMS unit, second to none, and the awards y'all bring in is always great to see the recognitions y'all have over the years through the state and everything y'all are doing, we're just real proud of everything y'all do in keeping the county as safe as possible. Again, we really do appreciate everything y'all have done."

Bob Mixer: "Mr. Schurlknight, I can tell you as the leader of these marvelous people, it is so easy to be an EMS Director when you have the kind of employees that you have workin for you. Chris is an example of that, so again we thank you for your kind words."

Chairman Schurlknight: "Good. Thank you."

Supervisor Davis: "We have one more proclamation that I'd like to read at this time and this is for the Berkeley County Library System and I think Ms. Osborne's gonna have a couple of words about this. This is the proclamation: 'Whereas reading for enjoyment and enlightenment can enrich the lives of individuals and whereas reading is a cornerstone of education for people of all ages and whereas democracy needs an informed citizenry and reading is critical to this purpose and whereas a community-wide reading event can encourage the love of reading and growth of understanding and whereas such a program can bring people of diverse backgrounds and viewpoints

together through the shared experience of reading, discussing and exploring the same book and whereas the community of Berkeley County wishes to hold a Berkeley Reads Reading Program for the participation of adults, young adults and children and whereas our focus will be on Pirates [and you might see a couple of folks dressed as pirates in the room] both fictional and factual in 2010. Now therefore be it resolved that I do hereby proclaim March 1-31st 2010 to be the Berkeley Reads 2010 Reading Program for all of Berkeley County and urge all citizens to become involved by reading and participating in any or all community activities related to the reading program.' Donna, did you ... have... okay..."

Donna Osborne: "Mr. Davis, members of Council, I'd like to thank you all for recognizing the importance of reading and the importance of literacy. I have with me here Dr. Pat Richards, she is the chair of our Library Board of Trustees. She is also the chairperson of Berkeley Reads 2010. She was chairperson last year and the year before that. This is our third year of Berkeley Reads and this is a true partnership between the Friends, the library system and the school district and this year we are also – and last year – we involved county employees and we'd like to say a special thanks to Cypress Gardens this year whose this year we're going to have a scavenger hunt there on March 20th and so very briefly, our three books are Peter and the Starcatchers which is our family read; our picture book is Edward and the Pirates it's all about a little boy who loved pirates, libraries and reading; and our selection for adults is called Pirate Latitudes by Michael Crichton. Pat, did you have something you wanted to say?"

Pat Richards: "No, other than we've got great books and in three years - we know that more people are reading now than three years ago so we appreciate your support and we hope everybody will read a pirate book this month, we've got lots of great activities."

Supervisor Davis: "Thank you Pat. Thank you Donna." [applause]

Chairman Schurlknight: "We do have an Executive Session scheduled but we will hold off on that one until later on tonight."

APPROVAL OF MINUTES

Chairman Schurlknight asked for approval of minutes from a meeting of the Committee on Finance held January 25, 2010.

It was moved by Committee Member Callanan and seconded by Committee Member Pinckney to **approve** the **minutes** as presented. The motion passed by unanimous voice vote of the Committee.

A. Mr. Larry Finney, CPA, Green, Finney & Horton, LLP, Presentation: Berkeley County Water and Sanitation Agreed Upon Procedures Report.

Mr. Finney: "Thank you Mr. Schurlknight. Mr. Chairman, members of Council, what I'd like to do is make a couple of introductory comments and then briefly review the

highlights of our findings from the work that we did and at that point I'd be glad to entertain any questions and discussion that you might have. So for those of you who have a copy of the report I'll kind of guide you through the pages as well as we talk about our findings.

A couple things just by way of introduction: one is – and these are things that I mentioned when we had our Finance Committee meeting back in December – once it was determined what procedures we were gonna perform in early June, we spent most of June, July and August and early September performing a lot of detail work. We had to pull off for about six weeks or so for some other matters that we had to attend to and so we came back on probably the end of October, wrapped up some outstanding items that we had, and began working on the report so some of the delay – I know there's been some discussion about the timing of all this and certainly some of the delay – was simply on our part kind of from a scheduling standpoint.

The second thing I wanted to mention is that I know there's been a lot of discussion about several of the items that we're gonna talk about tonight and I want to emphasize to you that the way we have approached this work is that as we are investigating these matters and determining our findings what you have in the report is all based on what we were able to find in black and white. If we could get some supporting documentation to back up as we were doing our research, that's what you've got in the report; if we could not back it up in black and white, if we could not find anything to support anything else that we were lookin at, then it's not in the report because we wanted to make sure that what we were reporting to you was based upon what could be supported and that included – I'll just kind of give you a general feel – we spent a lot of time going through minutes. Poor Ms. Austin, I don't know how much time she spent either with us or doing research for us, but we certainly appreciate her help. Spent a lot of time lookin at some external reports, internal documentation, a number of other items to come to the conclusions that we did.

So having said that what I'd like to do is if you will turn to Page 6 in your report what I'm gonna do is briefly review the items that we were asked to look at and the findings as a result of our work and the first couple of matters just relate in general to the bond issues themselves and in particular the justification for the One Hundred Five Million Dollar bond issue that took place, so Pages 6, 7 and 8 are simply really the highlights of the bond issues themselves, the costs, expenses, the cash that we received to work on the projects and so I'm gonna turn your attention to Page 9 because on Page 9 is kind of a summary of those bond issues and this is based upon June 30, 2009 as we were working with BCWS we had to come up with a cut-off date so we could have a point, a reference point, to work from so as of June 30, 09 you can see there the total bond issues – the funds that were actually available for the capital projects – totaled about One Hundred Forty-seven Million Dollars, there was another Fourteen Million Dollars, roughly, in interest income that's been earned on those funds, so there were One Hundred Sixty-one Million Dollars that were available for the projects themselves, and then you can see below there how those have been used and just to give some attention to the 2005a issue because we're gonna talk about it again in just a minute, I want to draw your

attention back to Exhibit A which is on Page 23, or Exhibit B, excuse me, Exhibit B on Page 23 in the report because what that does is highlight for you the actual funds that were available once the issuance costs, etc., were paid. You can see there were one hundred two, a little over One Hundred Two Million Dollars available; as of June 30, 37.7 million of that had actually been paid out; another \$52 million was contracted out; leaving the \$50.6 million. So that kind of gives you a summary of where we stood as far as those funds were concerned.

Page 10 - the other matter just related to the bond issues in general - was the 2005 Water and Sewer System revenue issue for \$105 million, and what I've done is on Pages 10 and 11 I've kind of highlighted for you the timeline in terms of the approval process for that bond issue and you can see up there at the top the first discussion we saw in the minutes was May 2005 and for several meetings what you simply saw was a discussion regarding a principal amount not to exceed \$150 million, and it stayed that way until the end of June 2005 when there was an ordinance that was actually discussed that talked about the estimated costs for the projects being \$108.8 million, that's in that fourth bullet from the bottom there. That's at the end of June 2005. In July, the actual official statement was issued and the One Hundred Five Million Dollar bonds were issued shortly after that. The second matter that we - oh, and just to kind of conclude on that - the engineering report that was also approved end of June/early July relating to that bond issue had a detailed list of all the planned projects as part of that engineering report, that engineering report was included in the preliminary official statement as well as the official statement, and we did not find any other documented discussion of the size of the bond issue and how that actual \$105 million came about, other than what you have available in the engineering report and the project lists.

The second matter that we addressed was the Cross Area Water Project and in particular the Highway 311 portion of that project. There were two primary matters that we addressed that you'll see about two-thirds of the way down there, there's three bullets but the two primary matters that we addressed were 1) whether it appeared Highway 311 was to be included in the Cross Area Water Project at the time that County Council approved the project work, and 2) looking at the actual cost per tap for Highway 311 as well as some other roads by comparison. So toward the bottom of Page 11 there what you'll see is our discussion regarding the inclusion of Highway 311 at the time of Council approval for the Cross Area Water Project and in summary basically what we found was 1) as far as Highway 311 being included in the description for the Cross Area Water Project it was included in the description in the Capital Improvement Programs in 2004 and in 2005, but then beginning in 2006 Highway 311 was no longer in the description of the Cross Area Water Project, and what you see during that time period - starting on the last bullet on Page 11 and then the first few bullets on Page 12 there - while it was not included in the description during those years, there were maps that sometimes were included in the information that did show Highway 311 being a part of the project as far as the way the maps were highlighted.

So I'll tell you what we've really concluded from this is a couple different things: number one, the documentation, the review of that documentation and the way that the

information was presented to Council was very poor, very poor, very little consistency and it was very easy for us to see why it was confusing as to what was goin' on as far as Highway 311 being a part of the project. Having said that, there was some information in the documentation that we looked at even beginning at 2006 all the way until Council approved the project, there was information that was included that would lead you to – led us to conclude that BCWS still was planning on Highway 311 being a part of the Cross Area Water Project and if you'll look at the middle of Page 11 there's three bullets there that kinda highlight that. Number one was the fact that from the very beginning the plan was always to include 12" pipe as the infrastructure that went down Highway 311 and the quantity of the 12" pipe really never changed very significantly at all even when Highway 311 was not included in the description of the Cross Area Water Project. Number two, the other major thing, was that even though Highway 311 was not in the description, Groomstown Road was in the description and from our discussions and lookin at documentation there's no other way to conclude that water was gonna get to Groomstown Road without it going down Highway 311 at least that far. But let me also say, having said that, even that information that was provided that we just highlighted, still not very easy to understand and so we can still see why it was very, very confusing as to what was gonna happen with Highway 311 being a part of that project.

The second matter on Highway 311 relates to the cost per tap. In the middle of Page 12 there, Page 13 excuse me, you'll see a table where we looked at about eight different roads and we looked at the total cost of putting the infrastructure in place on those roads, we looked at the number of available units so that we could come to a cost per unit or cost per tap or potential tap, and what you'll see there is that the range is very significant. It goes from a low of \$1,918 to a high of \$12,400. Big range. If you average all that and put it together – and remember, these are somewhat more rural roads than you might find in some other places so you would expect the cost per tap to be a little bit higher – the overall average was \$8,581, so Highway 311 at a cost per tap of \$12,400 even if you look at the average is about 45% higher than the average for the roads that we looked at. We know in the discussion toward the bottom of Page 13 we note that there was some intent early on to hopefully get some outside funding to help with that and for the Cross Area Water Project that did not come through.

The next matter on the top of Page 14 that we addressed again kind of goes back to the bond issues and the reasons for some of the bond issues after 2003 and I really just wanna highlight two things here on Page 16 and the top of Page 17: the two issues that we address here are 1) if the county had continued with the Series 2003 bonds and had never issued the 06 or 08 what would the financial impact would have been, and the county would have saved \$8.5 Million Dollars if that had taken place. On the other hand once the 06 bonds were issued, what would have happened if those would have never been refunded by the 08 issue and you can see there that that would have cost the county about \$13.4 Million Dollars. So obviously it's easy to look back and in hindsight the best thing that coulda happened is to just stuck with the 03 bonds and had never issued the others but once the 06 bonds were issued it was obviously a very prudent decision to go ahead and issue the 08 refunding bonds at that point.

The next matter that we addressed is the Bank of America selection and the selection and termination of Ross Sinclair and Associates. On Page 17 there we highlight the fact that Bank of America was essentially selected – and I have that in quotes because they were essentially selected – through the process of issuing the 06a Water and Sewer refunding revenue bonds because they were the ones that came forward with that proposal they were the one selected as part of that process. There was no RFP or RFQ issue. On Page 18 as far as Ross Sinclair Associates, the financial advisors, what I've done at the bottom of Page 18 and top of Page 19 is kind of provided you a timeline as far as the hiring and termination of RSA. You'll see the RFP was issued in February 05, they were selected as the, awarded the bid at the end of March 05 and so they continued as the county advisors until November 2005 when they received a letter saying that BCWS no longer needed to use, no longer wanted to use their services.

Item 8, the next item there on Page 19, is regarding the BCWS rate increases. Again, I know that that's a matter that's been discussed and essentially what we've done is kinda provide you a timeline there as well, this one a little bit more in narrative form. That rate increases were first discussed, written about, etc., in 2005 as part of the process of Council deciding about issuing the 2005 revenue bonds. They were discussed in the Engineering Resources Corporation engineering report that Council reviewed and approved in July 2005. In that report what they essentially did is made an assumption, a recommendation for 20% increases in water and wastewater rates effective July 1, 07. And so in their engineering report they made the assumption that that was gonna take place as they were providing their financial projections that they included in the report, okay. So that's July 05. In May 2006, about a year later, the Authority Director was discussing the 06/07 fiscal year budget and stated the following, and I quote him: 'Using cash flow projections no water or sewer rate increases are anticipated for the next five years.' Obviously that was a significant change in direction from what was being looked at a year earlier when you were lookin at issuing the bonds and accepting the engineering report. So suddenly we've got a change in direction there as far as the plans are concerned, so what happened then again in April 2007, so we're not quite a year later now, we have a new Authority Director and at a Water and Sanitation meeting the new Authority Director announced that there would be a rate study that would be conducted in July 07 and that rate study resulted in rate increases that were proposed and adopted by Council for the 08/09 fiscal year budget. And one of the questions that was raised that we really addressed is what was the cause of these rate increases. These rate increases were the result of the 2005 bond issue. That's always been the driving force behind the rate increases from the time they were discussed originally by the engineers as well as when the new rate study was done. Now obviously the rates might have changed a little bit because of some differences in op – changed in operations, but I've highlighted there for you in top of Page 20 the three bullet points there why the 05 bond issue continued to be the driving force behind the rate increases. The increased cost of the debt service which was because of the 05a bond issue, the projected cost – increased cost – of the BCWS operations, and the fact that the Authority needed to make sure that it continued to meet its coverage ratio which the bond documents called for.

Item 9 there was simply asking us to look at the sources of funding for the expenses related to chemical spill including the relocation of BCWS and BCWS did have enough funding that they could just fund those costs out of their operations.

And the last item there, Item 10, is regarding the approval process for the change-order additions to the BCWS facility on Highway 52 and in essence what we concluded that there were some contractual amendments and some change-orders that were initiated by BCWS prior to final approval by County Council; there were some reasons and justifications for those, but obviously it would have been nice if the timing would have been better where those would have been started after final approval from County Council.

So that is a very brief overview of the highlights of our findings as a result of our work, and so Mr. Chairman at this time we'll be glad to answer any questions and entertain any discussion.

Committee Member Callanan: "Mr. Chairman."

Chairman Schurlknight: "Larry, I appreciate everything you've done. I know y'all did a good job, real in-depth thing on this and I appreciate your time and everything."

Mr. Finney: "Thank you."

Chairman Schurlknight: "Mr. Callanan."

Committee Member Callanan: "Can we just kind of start from the first one just to try and keep this in order. That was the kind of the excess funds that we realized as a result of our budgeted projections for the cost of projects within those bonds and the interest that we collected with all that money essentially sitting in a interest-bearing account. From what I'm looking at, it essentially is the remaining money is basically just all the interest, right?"

Mr. Finney: "Well it is except if you look up above that, I mean, in essence what we've shown is that there was \$47 million from the 03 bonds, \$52 million that had already been paid or contracted for the 05 bonds but then the other \$47 million was planned to be contracted but as of our June 30 cut-off date, it had not been contracted yet."

Committee Member Callanan: "Yeah, but the total interest from those two bonds and the remaining uncommitted funds are both Fourteen Million Dollars, so..."

Mr. Finney: "Yes, correct."

Committee Member Callanan: "...it's just safe to say that interest is really what's remaining in the account."

Mr. Finney: "That's correct."

Committee Member Callanan: "Now, this is – when it says 'plans to be contracted' did these include any of the items that we approved last year, and this may be a question for the Water and Sanitation guys?"

Mr. Finney: "If you go back to that exhibit on Page 23 Tim, it might help us talk about that a little bit because what we've done here is for the 05 bond projects we've listed the different projects and as of June 30 it showed you where they were as far as the status so the amount is a little bit different..."

Committee Member Callanan: "Well, it's the timing that I'm ... just out of curiosity, it's the – Micah or Colin or someone – I just We had some new projects that we've got rid of a few, added a few at the beginning of this fiscal year. This says 'June 30, 2009' one of them that comes to mind is the wireless meter reading thing. Is that included in this figure?"

Mr. Miley: "No, that number reduces this figure ..."

Committee Member Callanan: "Okay."

Mr. Miley: "...because we consider that done July 1 not June 30."

Committee Member Callanan: "Not June 30, okay. That's basically what I wanted to know. The thing that concerns me about this most is it's just the process of it and that is that we're essentially raising rates for really one reason which is to cover our debt payments, to cover the interest that we're paying out on these bonds and in the meantime while we're doing that, we're collecting money in an account off of interest on that same money. Now, the bond covenants may have something in there saying that we can't use – you know, we can't use it to off-set, I don't know, but I just find it that with us putting that 30% increase in, that if we could somehow use this money rather than spend it on more capital projects, use this money to retire some of the debt, to me that would make more sense because we're paying interest – the rate payers are paying interest on the debt of the bond over here, and then over here that money's sitting in an account collecting interest but rather than using that money to help pay the interest over here, we're not – we're just keeping everything separate. I don't know whether that's a process that we can take a look into, whether we can do that in the future. I doubt we're gonna have anything near a One Hundred Five Million Dollar bond anywhere in the near future but it's one of those things that you know it concerns me in that you know with Fourteen Million Dollars in there and then you know us raising rates it just seems like there's a disconnect there."

Mr. Finney: "And I know Mr. Callanan there has been the last couple months from the time in December when we actually – probably before that – but certainly from the time we first sat down to go through this report and since then I know there's been some discussion concerning, you know, can we pay back or pay that debt off at all and I

actually was at a conference this week with RSA, the financial advisors and I know that there's some ongoing discussion about how can we try to make that happen, so..."

Committee Member Callanan: "Because there's two ways that you can lower that debt-service ratio: raise rates or lower debt, and I think we concentrate too heavy on the former rather than the latter especially when we're you know from our discussion last month we have an extremely healthy fund balance in Water and Sewer, like 80% fund balance or something to that effect and that doesn't even include this Fourteen Million Dollars, so it's just you know to me that seems like a logical way to go and you know let's figure out a way to pay down this debt without you know hitting our customers in the pocketbooks. But that was the first one. I don't want to move to the next one unless anyone has any other questions they want to add on this. I'll give up my time if anyone wants to..."

Committee Member Steve Davis: "Mr. Chairman."

Chairman Schurlknight: "Mr. Davis."

Committee Member Steve Davis: "I don't work one, two, three ... sometime I like to move around a little bit..."

Chairman Schurlknight: "You're free to move around."

Committee Member Steve Davis: "...thank you, because I want to deal with that third issue that dealt with the rate increases. I vividly recall that the reason there was a rate increase presented had a lot to do with this bond swappin issue had took place. That was the catalyst that was brought before County Council to a large degree that had made the wrong decision that the swappin of the bond that fancy little scenario that had taken place and that was what we kind of went – well I went to constituents that I knew as a reason for the rate increase but I notice in your three causes you said 'debt services, operation and coverage to ratio'..."

Mr. Finney: "Correct."

Committee Member Steve Davis: "...so the bond swapping scenario had nothing to do with it?"

Mr. Finney: "No, and I will tell you I had some long discussions with RSA, your financial advisors, about this as well and by far and away the – almost all of the actual rate increase was a result of those three items: the 2005 bond issue, the increasing operating costs as well as to make sure we can meet the coverage ratio. Now, was the increase maybe just a little bit higher than it would have otherwise been because of the [inaudible] rate debt? Yes, but that was a very, very small piece."

Committee Member Steve Davis: "Well, I really do owe an apology to the constituents that this was how it was presented. Now I also recognize that back in May of

2006 someone at that time had highlighted that we would need a rate increase – that we would need no rate increase for the next five years, and then all of a sudden with a new Director in April 2007 have a rate study that takes place and then the wheels start spinning in reference to the rate increase.”

Mr. Finney: “Unfortunately, let me - I’ll mention something about that briefly. I did not – at the end of the report there are some recommendations and unfortunately I think what happened in 2006 when that was state – when that statement was made about no rate increase for five years, it was when the Authority was at the high point as far as its non-recurring revenue was concerned, the impact fees, etc., and there was I think, in my opinion, there was too much reliance on those non-recurring fees to help support operations when that’s not what the non-recurring fees were, and that was part of the justification I believe for making that statement at that time.”

Committee Member Steve Davis: “And just this last comment and I understand earlier issue number two you know when you really want to fool folks you give them confusion, complexity and ambiguity. They do that all the time in the cases I try sometime. Very difficult. Apparently we were all subjected to that through this whole process the way things went in, they went out, went in, went out and so it’s fair to say that you know this Council or any County Council members can only make decision if they’re given accurate information and consistent information, and apparently this was not the case as you look back over this whole scenario.”

Mr. Finney: “I agree, and your reference to Highway 311 yes, there was a lot of confusion because of the inconsistencies.”

Committee Member Steve Davis: “Thank you.”

Committee Member Callanan: “Mr. Chairman.”

Chairman Schurlknight: “Mr. Callanan.”

Committee Member Callanan: “Yea, and just going back on that rate increase - and this is just following up something from the last month, you – there was a comment made and I think it was by the Supervisor where it stated that there was an engineering report that recommended a 30% increase once this whole bond issue came to – you know, once the deferred debt ended that there would be required a 30% increase. I then said well didn’t that actually say they would only require a 20% increase and then your response was that it was 27%, but in this it does say in fact - and even reading the engineering report - that it’s only 20%.”

Mr. Finney: “Originally, yes. The original report called for 20%. Obviously, it ended up changing some, the actual result, yeah.”

Committee Member Callanan: “But that’s what the question was, was...”

Mr. Finney: "Okay, well, I might have misunderstood your question because yes, definitely the engineering report called for a 20% increase."

Committee Member Callanan: "...called for a 20% increase. And then moving ahead to the Cross Project, the issue that you know comes up here is what Council receives and I think people need to understand this when they - you know if they, if anyone begins to read this you'll see that it's in some documents and it's in some others, it's not in some it's in some others, but Council receives a project list and we get that generally at the beginning of the fiscal year you know with a list of projects that we're working on that looks something like this, just has a list of the project names, all the roads that are included in it, and..."

Committee Member Call: "What page are you on, Tim?"

Committee Member Callanan: "That was Page 25 and 26."

Committee Member Callanan continues: "...when the bidding of the project comes up we get essentially a bid sheet that shows what the total cost, well, what the particular bidders what their bid was and how it was scored for that particular project. Now, I don't think anyone's claiming that we received maps or contracts, correct? I mean, did anyone state that they give Council in their packages maps and contracts?"

Mr. Finney: "Well, there were some maps in the copies of the minutes that I looked at when I was reviewing all the minutes and going through the packages, there were copies of certain maps in those minutes..."

Committee Member Callanan: "Of which meeting? Of the 311 meeting?"

Mr. Finney: "Um, well, over the years. I mean, it's obviously a long process, about a 5-year process, but in that 5-year process as there was discussion about the Cross Area Water Project, there were certain minutes that did include maps."

Committee Member Callanan: "I think, but the meeting that concerns me is the meeting in April of 2008, um, because that's the meeting when the Cross Area Water Improvements Project was brought to Council for approval, um, and you know looking - and I've gone through even the documents myself and looked at em, and you know essentially our bid package consisted of what I said which was, there was actually two Cross Projects that we were approving that night and it really just included a bid sheet, does not include a map, and certainly from my being here for three almost four years I've never gotten a copy of a contract in a bid acceptance, so the point I'm trying to bring up is that Council relies on the information that it gets from the Administration, I mean, it..."

Mr. Finney: "Correct. Absolutely."

Committee Member Callanan: "...you know, that's what we have to use for a basis to make our decision and clearly what you're saying is that our Capital Improvement Project list that we get that we base our decisions off of 2006, 2007, 2008 – 2008 being the year that we voted on the Cross Area Water Improvements does not include 311 you know, I don't think it's unheard of to think that Council members don't think 311's there. 311 is not a minor piece of this project, it's one of the largest piece – if not the largest piece of this project, it's almost eight miles – of 12" pipe, and so you know without us seeing there we have no way of knowing, it's safe for us to assume that the projects that we think are gonna be there are the ones that are on the list: Shortcut Road, English Road, Oakley Drive ... which is geographically north of 311..."

Mr. Finney: "Right."

Committee Member Callanan: "... and so, the frustrating thing for me on this whole thing is the fact that I get a packet, I rely on that information, I vote, and then I find out that what I'm voting on does not match the information that I'm getting, that what I voted on does not match the information I was given, and I don't speak for every member of Council, I mean, if there are Council members here who knew 311 was part of this project, I mean, I don't know, who, when we voted on this, who knew 311 was part of this particular project?"

Committee Member Pinckney: "Well, uh, Mr. Chairman, let me respond to that in the form of a question and this goes back to Mr. Finney. In doing the audit process, did you find anything in the meeting minutes or any other document, documentation that indicated that the Highway 311 portion was deleted from the Cross Area Project?"

Mr. Finney: "I'm sorry, I couldn't hear you."

Committee Member Pinckney: "Did you find any documentation to say that Highway 311 was omitted from the Cross Area Water Project?"

Mr. Finney: "There was no specific mention in black and white in the minutes that Highway 311 was taken off of the Cross Area Water Project, no sir."

Committee Member Pinckney: "Okay. Let me go further. Did you find any documentation that indicates that Highway 311 was included in the original and current scope of the Cross Area Water Project?"

Mr. Finney: "Well, that's where it got very confusing. It really did because there, the documentation was very inconsistent. Early on, in 04 and 05, it was very consistent."

Committee Member Pinckney: "So it was there and you did see it in the documentation but on the other side of the coin you have no documentation stating that it was deleted from it?"

Mr. Finney: "No, sir."

Committee Member Pinckney: "Okay."

Committee Member Call: "Mr. Chairman."

Committee Member Callanan: "I think to be fair..."

Chairman Schurlknight: "Hold on a second, Mr. Callanan. Are you finished Mr. Pinckney?"

Committee Member Pinckney: "Yea, yea, I'm through."

Chairman Schurlknight: "Okay. Mr. Call."

Committee Member Call: "Now I wasn't on Council when this came up, but since I've been here I've been supplied – and I'm not sure whether they come from the Water and Sanitation Authority or the Clerk's Office, I'll just have to tell you that – but there's three beautiful color maps in here that shows 311 on the project. In addition, if my friend here from Daniel Island cares to see em, also have an engineering drawing from ERC that shows it, this is a drawin I can't tell where it comes from but it shows it, another drawin from the Sanitation Authority that shows what it is, not a very good map, and this is something that's pretty useless really. You're welcome to review that Mr. Callanan."

Committee Member Callanan: "Well, I've actually seen those and the problem is..."

Chairman Schurlknight: "Mr. Callanan, you..."

Committee Member Callanan: "He's addressed me so I have to address him back."

Chairman Schurlknight: "You're out of order right at the moment. Go ahead Mr. Call."

Committee Member Call: "I'd also like to skip to another..."

Committee Member Callanan: "Okay."

Committee Member Call: "... issue like my good friend from Daniel Island did. I'm lookin at some pages out of the budget for 2000, ending 2006, June 30, 2006 and – which would have been prepared in the spring I believe of 2005, right? Ending 2006 it woulda been prepared in the spring of 2005? Is that correct?"

Mr. Finney: "For the fiscal year ending 06, they would have been prepared in May/June of 05."

Committee Member Call: "Okay, and I'm lookin at Page 2 in the sewer fund capital, in the cash flow statement at that time in the spring of 2005, a figure that they presented, predicted or whatever of \$42.60 for the sewer service and this didn't come up last year I mean this been workin for nearly five years, were you surprised or were we surprised that the rates went up that much? It's a rhetorical question. Go ahead."

Committee Member Steve Davis: "Mr. Chairman."

Chairman Schurlknight: "Mr. Davis."

Committee Member Steve Davis: "Just one last point I wanna make. This hook-up expense, you know, I don't have any you know personal issue about folks on 311 getting water, to be honest with you, that's not my concern. What concerns me more is the people that if we have a position supposedly to look out for the efficiency of monies spent in this instant they didn't do a good job, sir." [applause]

Committee Member Callanan: "Mr. Chairman."

Chairman Schurlknight: "If I could everybody, please I'd like to ask the audience to please hold the applause down please."

Committee Member Steve Davis: "I ain't got nothing to do with the audience now, I'm sorry, but the bottom line is it just seem to me that we got professionals and you know cause I remember this water trying to hook up this water and get it to folks and I was very concerned about the people who from the quarry you know who had to file a lawsuit in civil court and those folks were in desperate need of water so I can understand that out in the Cross area and I what have never been answered for me is why you would pass that area, you know, where this was such a desperate need, and then when you factor in the costs associated thereto, it wasn't a good expenditures of taxpayer's money in this instance."

Committee Member Callanan: "Mr. Chairman."

Chairman Schurlknight: "Mr. Callanan."

Committee Member Callanan: "The question I had too on this, I mean, there are several issues, um, first I want to follow-up on that and I think folks and this is mostly curious cause I talked to several of you when we voted on this in April 2008 for the members who are sitting here who were on Council at that time, who believed that 311 was part of that project? Nobody."

Committee Member Pinckney: "No, that's not true. I mean, first of all..."

Committee Member Callanan: "So you did. I mean, just so, all you have to say is 'Yes I did', I mean, I ..."

Committee Member Pinckney: "Yea..."

Committee Member Callanan: "Okay, one person."

Committee Member Pinckney: "No, no what I'm saying is if you go back to the initial questions that (inaudible) asked and here again if people sitting on County Council were keeping up with the documentation this 311 was included in this water project 2002 to 03."

Committee Member Callanan: "Thank you and here's my point on that is that yes it was included in there 2004, 2005, 2003, those are annual documents, so they're updated every year and we get the most current. Now, I come in to office in 2007, I get the most current document and it doesn't have 311. Why on earth would I want to go back in time and determine was it on there a few years ago to decide whether my document is wrong?"

Committee Member Pinckney: "That's not true, it was on there."

Committee Member Callanan: "I should be able to rely on that document that it's accurate, and in fact it was not accurate, it did not have project 311 on it, and it's not just me, I'm sure there were several members of Council here who when they voted that did not, thought they were voting for northern Cross and the areas where Mr., Councilman Davis mentioned you know that had a real need for clean water because of the issues with the mining up there. For my sake the data that I get on that list is what I base my decision on. If it doesn't have 311, I don't expect it to have 311 when the project starts, and as for these maps that were pointed out to em, as I said before, we don't get the maps. Now, that has since changed and I'll say the last time, last month when they came up with that's where a BCDG grant, that their being a little bit more proactive in calling people to find out if they actually want the water and providing us more detailed information but back at that time it was not provided to us, so my decision is based on what's in paper and it's in front of me and you know and that's what upsets me most is that I have to rely on information that I get from the Administration and when it's false mistakes like this happen and I'm going to tell you why it was a mistake. You go to items like cost per tap and I'm gonna concentrate on Highway 311, you basically say that the Highway 311 portion of this, if all 85 homes were hooked up to water, would be 45% higher than ..."

Mr. Finney: "...the average for those roads."

Committee Member Callanan: "...the average for the remainder of the roads, at \$12,400 a tap. Well, I asked for some data from Water and Sanitation to find out at this point – which we're over a year past this project completing – how many people actually signed up for that tap on 311. The figure I got was seven. Now, seven people who voluntarily signed up for water on that line at \$1,054,000..."

Committee Member Fish: "That's \$150,578 per tap."

Committee Member Callanan: “Yea, thank you. It’s \$150,000 plus per tap. Not a 12,000 figure. That’s a huge mistake and from my understanding reading past minutes and, that they generally considered our break-even point of getting a reasonable return or getting a return on our capital investment at any time, somewhere around \$3,700 per tap for water. So obviously you know it’ll be my great-great-great-great grandchildren who, if they move on 311, will be paying off that debt. Now, the thing that troubles me even more than paying \$150,000 per tap is that we – for those small amount of people that are getting water from there – we can’t keep the water flow up and up in an 8-mile 12” main to keep the water quality satisfactory, so we have to dump 5,000 gallons a day into a ditch in order to keep the water fresh for those seven people. Now, the water we get is not free, we pay for it – so it’s very close to, so we’ll never get our money back cause we’re probably losing money on what we pay for the water and what we have to dump into that ditch and you know One Million Dollars or a little over One Million Dollars or whatever it was that this cost in a time frame where we raised rates 30% we can’t afford to make mistakes like this, and that’s why I wanted this audit, because you know mistakes when they’re made you know they get brushed under the rug but in this case I think people are startin to realize that this is a very, very painful mistake and quite frankly, regardless of the fact that it wasn’t in our documents, it’s such – it has no economic feasibility whatsoever, so it shouldn’t even – the administration shouldn’t even have brought it in front of Council to begin with. You know, you like to think that there’s people up there looking out and saying ‘I’m not gonna start a project if it’s got no viability whatsoever’ and that didn’t happen, and that to me is the real crime of this whole 311 line...”

Supervisor Davis: “Mr. Chairman.”

Committee Member Callanan: “...because we’re gonna be paying for it for a long, long time.”

Chairman Schurlknight: “Supervisor Davis.”

Supervisor Davis: “Larry, I want to go back just through the timeline because I think Mr. Callanan’s creating, it seems to, he seems to be putting the responsibility on the current administration for this, so I wanna go back through the timeline with this particular project. Now, and maybe you can help us understand, maybe why Council didn’t understand all the little pieces parts of each one of these projects. I think you said in your report that the One Hundred Five Million Dollar bond issue, the 2005 bond issue, that that basically was done without any discussion – you couldn’t find any discussion of that bond issue. Is that correct?”

Mr. Finney: “Well, we could not find any documented discussion of how the final amount was arrived at.”

Supervisor Davis: “Or the project list for that matter, as far as any discussion by Council for the project list.”

Mr. Finney: “No, no documented discussion in the minutes.”

Supervisor Davis: "Okay, so I just want to point out that – Mr. Callanan – neither you nor I were on this Council at that time so the typical actions of Council didn't include a whole lot of discussions, there were, as a matter of fact to carry it one step further, when Bank of America was selected as the bonding, our bank and the bond issue, there were no, there was not an RFP or an RFQ I think as you said..."

Mr. Finney: "That's correct."

Supervisor Davis: "...you know, we basically were doing these bonds, we were going out and selecting a bank to handle the bond issue for us, no discussion, no RFP's, no RFQ's, we're also deciding on a bond issue, an amount of the bond issue, and as best you were able to determine, there wasn't a project list that went with the bonds at that time, we, the figure I think was a little bit arbitrary at that point?"

Mr. Finney: "Well, there was a list of projects but there was just no discussion on how far down the projects went to come up with what the amount that they determined."

Supervisor Davis: "Right, and there was a long list, but nothing was selected, and so essentially when we picked Bank of America, cause we've had some discussions on Council recently about sole-sourcing but we basically sole-sourced Bank of America, didn't compare them with anybody else, is that correct?"

Mr. Finney: "As far as I can tell, yes."

Supervisor Davis: "And then also we, um, again, this was before my time so I'm only, I can only base it on what I read in your report, the County also had a financial advisor, Ross Sinclair and Associates, who now is our financial advisor, they now work for the County, I guess the second time because they were actually terminated during that period of time, correct? And the financial advisor, his role is to give us financial advice but also probably to help us construct a financial plan for a project, just as we did with the penny sales tax program, we brought Ross Sinclair and Associates in to give us advice about the bonds that we were gonna issue, and making sure that we don't borrow more than we need and essentially a cash flow analysis. But during this time Ross Sinclair and Associates was fired because they actually, I think in your report you said they provided two letters advising against the synthetic bond, now this goes back a little further, back to the synthetic bond, so that's when they were terminated. But could you find any evidence that they were invited, they were asked to look at the One Hundred Five Million Dollar bond issue and to give Council and the County some advice as to how much we should borrow and over what period of time?"

Mr. Finney: "I actually specifically talked with RSA to ask them about that and they call it sizing the bond when you determine the amount that it's gonna be, and they stated that they were not involved in the sizing of that bond in 2005."

Supervisor Davis: "Okay, so we borrowed One Hundred Five Million Dollars without any benefit of a cash flow analyses or anything like that, and did that bond with Bank of America?"

Mr. Finney: "I'm sorry, say that again?"

Supervisor Davis: "So we, but we did borrow the One Hundred Five Million Dollars without the benefit of any cash flow analyses or financial advice from Ross Sinclair?"

Mr. Finney: "Yes, Ross Sinclair was not involved in that."

Supervisor Davis: "Okay, and what I wanted just to go back to help Mr. Davis understand this, there is some confusion about whether the synthetic bond caused the rate increase. What I wanna straighten out is that the synthetic bond didn't create the bond increase but it created the need for it because we had already by virtue of an engineering report knew that we needed a rate increase to cover the debt that the One Hundred Five Million Dollars required and we essentially promised the bonding, in the bond document, that we would raise rates – again, before I was here and before Mr. Callanan was here. But then when the synthetic bond went south on us and we had to know go and purchase new bonds, it just became a requirement of the rating agencies [inaudible] that we now correct that so it's not that the synthetic bond required us to go up on rates, it was that the collapse of the synthetic bond that now they had, we were sorta forced to do the bond do the rate increase. I just wanted to clarify that."

Committee Member Steve Davis: "I understand quite well but a decision had been made for the synthetic bond is what I'm saying. That decision had been made to engage this county in that type of bonding process against the advice of people that were on staff and had been on staff for some period of time and I don't want the impression that our current supervisor have not been forthright in makin this Council aware of where we need to be and where our current predicament is it's just that you know sometime you have some after effects you know aftershocks and I would be remiss to say that you haven't or didn't adopt a lot of aftershocks in reference to what Mr. Finney is putting forth to us tonight, and so I don't want anybody to get that wrong impression. Totally under the previous administration the rule of thumb was complexity, confusion and ambiguity and sometimes it's very difficult to be an effective member on County Council and we're paying for it now to some extent, but that's not to be related to your Mr. Davis, I think you've done quite a well, quite a good job, but it goes to the point of the matter though that as a whole we have not done and did not do the citizens and tax [inaudible] a fine job in this issue and a lot had to do with how it was presented to us and I don't want to pat myself on the back but I was always in the minority. I'm still in the minority, I guess..."

Committee Member Callanan: "No you're not."

Committee Member Steve Davis: "...but I really believe that when we get an opportunity to serve on County Council we should promote what's in the best interests of

all the citizens. Sometimes that don't happen, that's sad to say, but I don't think that's the case under the current administration, I really don't think so and that's all I really want to say on that issue, but Dan, this is not the thing I'm pointing the finger from you."

Supervisor Davis: "I really just wanted to explain that."

Committee Chairman Schurlknight: "Larry, just for clarification talkin about this series 2003 bonds and then we went into 06 with the synthetic bond issue and refinanced those that 2003 bond, am I understanding your correctly when you say that when we went in to refinance it that the county had lost eight and a Half Million Dollars on that decision?"

Mr. Finney: "No, let me come back to that. No, if you'll go to Page 16, the first item what we're actually saying is that we lost, the county lost eight and a Half Million Dollars if you, because you did the 06 and eventually the 08 as opposed to just sticking with the 03 bonds to begin with."

Committee Chairman Schurlknight: "Right, so that's where I'm getting the loss that we lost eight and a half million because of that issue correct?"

Mr. Finney: "Correct."

Committee Chairman Schurlknight: "And if we wouldn't of did something about it at that time we coulda lost another thirteen, \$13.4 million is that the \$13.4 comin in?"

Mr. Finney: "The 13.4 is saying if, what we did at the time that you refunded the 06 to the 08 - that 06 rate was pretty high - and if that had continued through the life of the 06 bonds and you did not refunded [sic] the 06 with the 08, then yes you would have, you basically saved 13.4 million by refunding with the 08."

Committee Chairman Schurlknight: "So at the point of refinance we lost eight and a half million, if we wouldn't have done anything we could have lost up to 13.4 million if we let it ran, as if it was going the same track?"

Mr. Finney: "Correct."

Committee Member Fish: "Mr. Chairman."

Committee Chairman Schurlknight: "Mr. Fish."

Committee Member Fish: "I want to go back and remind those of us who were on Council back during those days if you remember - and I don't have the minutes with me, I thought I brought em - it was with the 2005 bond issue when we did the, settled for the 105 million, and I have a list here out of every budget book for every year going back to 2003, and Mr. Pinckney if you remember, I think it was the 2006 budget, we had the money to prove Projects 1-6, and I got out of the minutes where Marc Hehn - Jim Rozier

had told Marc Hehn we don't have the money to fund Project 7 through the rest of em. He was directed to go back and get a costing on those projects and bring them back to Council for approval. At that point in time – Mr. Jennings – and so at that point in time that 311 was #28 on that wish list...”

Chairman Schurlknight: “Mr. Fish, this stuff that you’re talkin about, is that in the minutes, that you found in the minutes?”

Committee Member Callanan: “February of 2003, right here, yeah.”

Chairman Schurlknight: “Okay. Therefore make sure you’re referring to the minutes.”

Committee Member Fish: “They’re from the minutes, absolutely, and basically he was instructed to price those projects, bring them back to Council for approval and a way to [inaudible] the money, and as we all know is that that project, in looking at subsequent budgets, moved its way from 28 up to 7 and lo and behold right after you were on Water and Sewer, that project got done. To this day I don’t know how it got funded but it never came back to Council for approval and I agree with Mr. Callanan that number one, the maps that were provided Mr. Finney on his contract they’re beautiful maps, they were attached to the engineering [inaudible] drawings that Water and Sewer had but we on Council never, ever received these drawings but I need to refresh your memory as those minutes state that that was never approved, they would bring it back to Council for approval, and that’s why Mr. Callanan asked the question who on this Council knew that 311 on that project was being voted on, you’re the only one that knew that, you and Mr. Schurlknight. That was the point I wanted to make.”

Committee Member Pinckney: “No, Mr. Fish....Mr. Chairman. Now, Mr. Fish you were the one that created this monster to start with and stated that 311 was not a part of that project. Now, as Mr. Finney just stated, he didn’t find any documentation – written documentation – to say that it was withdrawn from the project, okay? And to go just a step further, when we talked about the amount of the project for 311 and the tap, well prior to that when the project was first brought in to play, we did have a mandatory tap in to play, and when you remove the mandatory tap, you gave citizens the opportunity not to tap in, so that of course, Mr. Callanan, that would evidently cause the tap to go up because you removed it. We had that prior to that and the mandatory tap didn’t come in when I got here the mandatory tap was in but all this is and let me repeat this, you’ve got the documentation here stating exactly what it was, but this is nothing but political fodder. You know it, I know it, everybody on County Council know [sic] it, so go ahead and do what you gotta do with it. I’ll tell you another thing that ...”

Committee Member Callanan: “Mr. Chairman.”

Committee Member Pinckney: “...probably needs to happen, why don’t you just go ahead and have another audit, I mean to see if there was any wrong doing on my part, huh?”

Committee Member Callanan: "Mr. Chairman."

Committee Member Fish: "Ethics violation."

Committee Member Pinckney: "You've spent \$50,000 already, I mean, you knew what the truth was to start with."

Committee Member Callanan: "Mr. Chairman."

Chairman Schurlknight: "You finished, Mr. Pinckney?"

Committee Member Pinckney: "Yea, I'm through."

Chairman Schurlknight: "Okay. Mr. Callanan."

Committee Member Callanan: "Yea, okay, you may think it's, you may think of the Water and Sanitation wasting One Million Dollars to put a line in for seven people as political fodder, but I don't. I find it an extreme waste of money. [applause] I find it an extreme waste of ratepayer's money. They're gonna be the ones who are paying higher rates in order to finance it. Now, the point I was gonna make on this is you keep saying that it was part of this project. Well, my point is how in the world if I'm getting inaccurate information from the Administration, am I gonna know that it's part of this project?"

Committee Member Pinckney: "Well, let me say this to you Mr. Callanan..."

Committee Member Callanan: "Am I to read people's mind? No, I rely on the information that I get."

County Attorney Ewing: "Mr. Chairman, I have a point of order please."

Chairman Schurlknight: "Yes. Please."

County Attorney Ewing: "I want to remind Council that Robert's Rules of Order prevents members of Council from directing comments to each other but they should be directed only to the Chairman."

Chairman Schurlknight: "Thank you."

Committee Member Pinckney: "I apologize."

Committee Member Callanan: "Okay. Mr. Chairman. So the point is, maybe the question should be asked 'Who prepared the capital project list for Council?' And, I'll ask to Larry, 'Was the capital project list in 2006, 2007 and 2008 accurate?'"

Mr. Finney: "Not in the sense that it had complete descriptions, obviously not."

Committee Member Callanan: "Right. Who prepared that list and gave bad information to Council that resulted in several members of this Council voting on something they didn't realize that they were voting on?"

Committee Member Call: "Mr. Chairman, point of order."

Committee Member Callanan: "I ...point of order."

Committee Member Call: "Mr. Chairman. I think ..."

Chairman Schurlknight: "Mr. Callanan, I [inaudible]. Mr. Call, excuse me, Mr. Callanan's got the floor right now."

Committee Member Call: "He was characterizing it as false information..."

Chairman Schurlknight: "Okay, let's just let him go ahead and finish up, then I'll recognize you. Go ahead Mr. Callanan."

Committee Member Callanan: "Who prepare the doc – if it's in fact inaccurate information that was on there – who prepared that and gave it to Council? I mean, that to me is the crux of this whole thing. Who gave us bad information? That's what I want to know. Are we – we know what the result of the bad information was. The result of the bad information was, you know, a one million dollar boondoggle going, providing water at \$150,000 a tap to seven people, but I want to know who provided Council with the bad information? Thank you."

Committee Member Call: "Mr. Chairman."

Chairman Schurlknight: "Go ahead, Mr. Call."

Committee Member Call: "Let me ask a question about two issues and their still diverse and Micah you may have to help us with this. I'm lookin at the fiscal year ending 2008 Capital Improvement Projects and there's about a dozen roads in the Cross Area Water Project listing, am I correct? I can ask him a question, right?"

Chairman Schurlknight: "Sure."

Mr. Finney: "Which list are you lookin at Mr. Call?"

Committee Member Call: "This is something I have obtained independently, I'm not sure it's even in your audit – it's called the Cross Area Water Project, it's got all these streets name in it. [inaudible] Okay, I'll give it to you, I'll give you a second. How did you propose to put water in the mains in those streets if you didn't run a line up 311?"

Mr. Miley: "The water to Groomstown and Mudville was coming off Highway 311."

Committee Member Call: "Okay, thank you, that's [inaudible]..."

Committee Member Callanan: "For what...that's..."

Committee Member Call: "I'm not through."

Chairman Schurlknight: "Go ahead Mr. Call."

Committee Member Call: "I want to talk about Ross Sinclair and Associates. They were relieved of their employment with the County on November 7, 2005, and the reason was that the County had...they feel that it is in their best interests to use a conglomeration of its bond counsel and in-house representatives to assess the structure of the financing program and to perform services Ross Sinclair and Associates as [inaudible] provided. Is that a true statement? Did we use a in-house representatives and our bond counsel? Is that what happened or did we hire another advisor?"

Mr. Finney: "I can't speak to that. What happened is in November the County responded to RSA and said we no longer need your services and that's what they, that's what was explained in the letter, so as to what happened after that I can't tell you."

Committee Member Call: "So you don't know whether we had another similar service to what Ross Sinclair and Associates was offering?"

Mr. Finney: "No I don't. Not at that time. I'm not sure."

Committee Member Call: "Does anybody have an answer? Maybe the attorney, Mr. Jennings, maybe knows."

Committee Member Pinckney: "Mr. Chairman."

Chairman Schurlknight: "Yes, Mr. Pinckney."

Committee Member Pinckney: "Now, Mr. Dennis Fish just made a reference stated that the project on 311 didn't get started until I became Chairman which was in 2007, okay. Now ..."

Committee Member Call: "Point of order."

Committee Member Pinckney: "...what approximate time period did Council actually approve this project, that included 311?"

Chairman Schurlknight: "Caldwell, can I back up one second. I thought Mr. Call was finished..."

Committee Member Pinckney: "I'm sorry."

Chairman Schurlknight: "...yea, Mr. Call, I apologize. You go ahead talk Mr. Jennings. I thought you were finished."

Committee Member Pinckney: "I'm sorry."

Chairman Schurlknight: "You can go ahead and finish up."

Committee Member Call: "I was just going to ask him, was he aware of any other services to have Ross Sinclair and Associates provided were received by the County after they were released?"

Mr. Jennings: "Mr. Call, my recollection is that after the letter went to Ross Sinclair terminating their services at that time that neither staff nor Council substituted another firm into that position. I believe that Bank of America Securities was preparing the documents for the, if I remember the timing correctly, for the synthetic issue and again, that's just my recollection, it's five years ago, I wouldn't swear to it, but that's my recollection."

Committee Member Call: "If I could put it into real simple terms then, what advice we did get came from Bank of America."

Mr. Jennings: "Again, I think I've explained where the people [inaudible] Bank of America was the underwriter, they were promoting the synthetic issue as Mr. Finney's audit reflects in May 2005 Ross Sinclair recommended against the synthetic process and they were terminated six months later."

Committee Member Call: "Okay. Who was our bond counsel at that time?"

Mr. Jennings: "The McNair firm, specifically Dan McLeod and Michael Seezen."

Committee Member Call: "And in-house, who was to perform these services? Do you know?"

Mr. Jennings: "Again, the services ..."

Committee Member Call: "David, look hold on, I wanna be fair with you, I'm readin from a letter you wrote so if you'd like to have a copy of it I'd be glad to give it to you."

Mr. Jennings: "Sure, I ..."

Committee Member Call: "That was in November 7, 2005, I believe."

Mr. Jennings: "In-house representatives to the best of my recollection would have been the Executive Director, I don't recall who was the Chief Financial Officer then."

Committee Member Call: "Is there anybody from the Water and Sanitation Department who recall who was the Chief Financial Officer in 2005?"

Mr. Jennings: "Would it have been Lee Molder, maybe? Lee Molder or Christy McMichael would have been the two. I don't remember when Mr. Molder left and Ms. McMichael was elevated."

Committee Member Call: "And she's not here tonight."

Mr. Jennings: "No, right. Neither of them are still employed at BCWS."

Committee Member Call: "Oh, I'm sorry. Okay. Thank you. I'll have something later on, but I'm okay now."

Chairman Schurlknight: "Alright. Mr. Pinckney."

Committee Member Pinckney: "Thank you, Mr. Chairman. It was stated earlier that there was written documentation that approved the Cross Area Water Project back in 04, 06, 07 and 08, okay. I think if you go to Page 24 you might find that there. Now..."

Mr. Finney: "On Page 24, Mr. Pinckney, is the timeline that simply explains what happened when and what the documentation included."

Committee Member Pinckney: "Right, okay. Now, my question is, Mr. Fish made a statement just then that nothing happened on the 311 project until I became Chairman of Water and Sanitation and I don't know what his innuendo is there, but who was Chairman of ... and maybe Ms. Austin can answer this for me ... in 04, who was Chairman of Water and Sanitation when that, during the Cross Water projects?"

Ms. Austin: [inaudible]

Committee Member Pinckney: "And also while you're looking, also see who was Chairman in 06 as well, because [inaudible] these period of time 311 was still on at that project, on that capital improvement."

Mr. Finney: "In 04 and 05 it was on, but in 06 you can see that the Cross Area, it says the Cross Area Water Project was listed in the Capital Improvement Program, but Highway 311 was not included in the detailed description..."

Committee Member Pinckney: "In the detailed description..."

Mr. Finney: "...so that's when Highway 311, that's the year that Highway 311 was no longer in the description."

Committee Member Callanan: "Don't give me advice."

Committee Member Pinckney: "In the description, but as far as the engineering when that took place, that was, it was approved, was it not for the engineering part of it, when it was issued to ..."

Mr. Finney: "Well, in January 2006 the contract with Engineering Resources Corp., for design services was approved and that included a map showing Highway 311 [inaudible] that's where I explained earlier, it's very confusing to know what Council saw and what they didn't. We know the map was included with the ERC contract but again, what Council saw or did not see we could not determine."

Committee Member Pinckney: "And uh, just for the record and for the public here tonight, we've had Mr. Marc Hehn, he was Water and Sanitation Director; we had Mr. Robbie Metts at one time; then we had Ron ..."

Mr. Finney: "Ron Mitchum."

Committee Member Pinckney: "Ron Mitchum at one time; and then we went back to Mr. Metts; and then Mr. Colin Martin – and neither one of them can tell you that Caldwell Pinckney contacted them and asked for anything to be done on 311 that would [sic] not already documented, and when I talked about having another audit done and a outside audit you would not find that Caldwell Pinckney did anything, once again, unscrupulous, or illegal, or unethical and I resent, I strongly resent, that implication here. I strongly resent that. And what I'm saying is all you gotta do is get with the Directors of Water and Sanitation and ask them if you wanna know the truth and they will not be able to implicate me doing anything other than what the other Council members here on Berkeley County has done and that's to vote and that's all I did and that's what I was elected to do, to cast my vote. And I want the record to reflect that." [applause]

Committee Member Cathy Davis: "Mr. Chairman."

Chairman Schurlknight: "Ms. Davis."

Committee Member Cathy Davis: "Yes, also, I am having a problem with the feasibility – this is in reference to 311. Can you tell me, or maybe the current administration can tell me, was a study ever done as far as contacting residents on that road and finding out whether or not they were willing to tap in or they were even interested in tapping in?"

Mr. Finney: "I did not find anything myself but I don't know if there's anybody else that wants to address that issue."

Committee Member Cathy Davis: "I just find it just mind-boggling that 5,000 gallons of water are just being dumped daily because of this."

Committee Member Farley: "It's more than that on the entire nine ..."

Chairman Schurlknight: "Mr. Farley, do you wish to be recognized?"

Committee Member Farley: "Yes sir."

Committee Member Cathy Davis: "Go ahead."

Committee Member Farley: "The total of nine flushing stations at various fire hydrants along the line is dumping 46,000 gallons a day. That's to keep potable water going to the houses."

Committee Member Pinckney: "Mr. Chairman."

Chairman Schurlknight: "Mr. Pinckney."

Committee Member Pinckney: "You know, you talk about feasibility studies and just to show you what a political lynching this is tryin to be out of all the other projects that's a part of the Cross Water Project was any feasibility study done on those like Shortcut Road, Ranger Drive, and those? The answer to that is what? No. So why were you pickin out 311 so particularly?"

Committee Member Callanan: "Mr. Chairman."

Chairman Schurlknight: "You finished Mr. Pinckney?"

Committee Member Pinckney: "Yea, I'm through."

Chairman Schurlknight: "Mr. Callanan."

Committee Member Callanan: "Sure. I'll answer that. We had a CDBG grant to provide water to northern Cross under another project. We could not - and correct me if I'm wrong - we could not turn on the water essentially to any of those areas in the northern Cross project unless we provided the mainline from Shortcut Road. Is that accurate Micah? Does that sound accurate? Right. So, when you have a mainline going up to a neighborhood you're not, you're not checking your cost per taps per se, you're - because if you have an entire neighborhood up there can't get the water with the mainline you know that's why we did, that's why I voted for the project because I thought I was providing water to the northern Cross areas and those projects up in that area. Now, and you brought up the issue of getting rid of the mandatory tap fee and I can't even believe that that would, that that would ever be brought into question when you've got a group of people, let's say these numbers are right, if there was 85 homes, 78 of them do not want to tie in to that line and you want to use our government authority to force them to do it?

No. I mean, it's just, you know, using that as some sort of means as saying well that's why we only have seven people on that line, if they didn't want it, you shouldn't have put it in. And if they didn't want it and we put it in, we shouldn't make them tie in. So, I just, you know, to even bring up the mandatory tape repeal – which was the right thing to do – I just think is a little off base. Thank you.”

Committee Member Pinckney: “Mr. Chairman. Here again, Mr. Callanan – what you're doing is nothing, no more than mental calculation, that's all that is, you know, because here again, the mandatory tap – and Mr. Ed can address this and he did the house count and what have you – and that was based having the mandatory tap in effect at the time, and you said that you're surprised I brought it up. I brought it up because it was logical to bring it up cause at the time that's what 311 being a part of this project was based on and sure when you look at it from that particular perspective it's just a common sense approach, but here again, I can assure you that there are people in the county that have access to water and even when the mandatory tap was into effect they're not still on that, on the line and when you talk about the 311 project there was no CBG [sic] money involved, that was through the bond and that's what was decided on early on.”

Chairman Schurlknight: “Thank you.”

Supervisor Davis: “Mr. Chairman.”

Chairman Schurlknight: “Supervisor Davis.”

Supervisor Davis: “I just wanna make a comment for everyone because there seems to, is a little bit of misinformation in this room and Mr. Callanan, I don't know that you were elected to Council at that point, but shortly after I took office we, I do recall having a special workshop with Water and Sanitation, Mr. Miley was there, the purpose of that meeting was to completely review all of the capital improvement projects that we had and as a matter of fact at that meeting I recall two projects that with Council's concurrence were dropped from that project list and others were elevated, that was Back River Road project and Cypress Garden Road project, so there, and, all, when you say what information had you not been given but when these folks come in and give you a complete listing and offer themselves to all your questions they can't anticipate what you know – what you want to know – they can only be there to give you the information that they have when you ask for it. So, I just don't want it to be thought, the folks in this audience to think that Water and Sanitation intentionally withheld information because they did not. They were there at your beck and call to give you whatever – and again, I don't know if you were there, but – and I'll also say that it was our intention – it was my intention from the beginning – that we were gonna do this on a frequent basis and you know as well as I do that the more we did it the more resistance from Council there was to the workshops and eventually we basically quit trying because we couldn't get enough members of Council to participate, so the information is available, the staff, every member of this staff is willing to give information but – and, but all we can do is avail ourselves to you to ask for the information, we can't anticipate everything. And you say, well, you didn't know that 311 was on there. I dare say there are a lot of things that this

Council approves that some detail is omitted but we just can't possibly anticipate that that's something you wanna know, but I do know that a complete review, I think at least twice, of all these capital improvement projects were offered to County Council and that's all I need to say on that. We can only offer the information."

Committee Member Call: "Mr. Chairman."

Chairman Schurlknight: "Mr. Call."

Committee Member Call: "I would submit on the matter of the maps, I had only been here two months and was able to get these maps, so I don't know what the problem is with my colleagues that say they didn't have access to this information. I mean, it was very easy to get, as far as I remember. It only took one phone call and I had it. So we need to put that one to rest about the maps, and about the completeness of the information that was presented to Council because there's not a department that the Supervisor has not let us speak with the person that supervises that department has not been very forthcoming and I'm not talkin about just Water and Sewer. Mr. Davis has allowed us open access to these people, they freely give the information they have, no problem, no Freedom of Information Act, no excuses, no nothin, but here I was on Council two months, I had the maps. I don't know why – I mean, the rest of you guys been here long as six or seven or eight years. I'm through."

Committee Member Fish: "Mr. Chairman."

Chairman Schurlknight: "Are you finished?"

Committee Member Call: "Yea."

Chairman Schurlknight: "Mr. Fish."

Committee Member Fish: "A rebuttal of that is would be, that's exactly what we're askin for now. If you'll notice any time that Council, or before staff come before us asking for I don't care if it's contracts or whatever it is, you notice we're now asking for that. I would agree, any time we ask them for any kind of maps, information they freely have given it to us. The problem is we get it after the fact, not prior to the fact, so Mr. Call, you're right, we get this stuff all the time but it's way after, too late, and I'm glad to hear [inaudible] Supervisor take responsibility for the waste of One Million Dollars and 5,000 gallons of water a day."

Chairman Schurlknight: "Well, Mr. Fish, let me just make a comment to that and folks, we'll be wrappin this thing up fairly quick. We've beat it pretty hard tonight. I think you can go back through this whole audit and you can nitpick it on information that was not given to Council members. I'm talkin to a 105 million dollar bond issue. I'm talkin about Robbie Metts standin up telling Council you're not gonna have to have a rate increase for five years. Prior to that the engineering part of it says we need a 20%, 27% or whatever it is. You can go back on the variable bond issue and Mr. Fish, you were

Chairman of Finance, you know, that's Eight and a Half Million Dollars on the 06 when they had to go back and redo it, we coulda lost Thirteen and a Half Million Dollars on the life of it. We can nitpick this thing all night long. Now folks – I'm not finished Mr. Fish – now folks, I don't want us to sit up here and I don't want us to point fingers at each other. We need to take this document and we need to learn somethin from it and we will learn somethin' from it and we'll refer back to it and we'll try to get straightened out. Now, some of this misinformation and lack of information, it didn't start in 06 – you know, it goes right on back and I agree, it needs to change, we need to get good information out there, so I think everybody needs to realize it's not talkin about just the information on 311, it's all this stuff that was looked at in this audit and everything looks like it was a lack of information. Mr. Finney would you like to add anything to that?"

Mr. Finney: "Not at all."

Committee Member Fish: "Mr. Chairman."

Chairman Schurlknight: "Thank you."

Supervisor Davis: "Mr. Chairman."

Chairman Schurlknight: "Mr. Davis."

Supervisor Davis: "I really didn't want to say too much about this until Mr. Fish took a shot at me and said, in tryin to assign the blame for this, this 311 project on me, but I just want to point out to the audience what my opinion is and you know Mr. Fish is a little bit embarrassed as sitting as Finance Chairman during all those proceedings, let me remind you he was Finance Chairman, I wasn't here, again as Mr. Callanan pointed out he wasn't here – so somehow or other this is being twisted around and I think it's absurd that the inefficiencies of the 311 project – and there are no doubt some inefficiencies there, they're probably a lot of inefficiencies with things that we do – but it's absurd to try to lay that on me and I know what you're trying to do is to deflect the attention away from you as Finance Chairman when you sat there and you borrowed One Hundred Five Million Dollars in bonds, we borrowed that five years ago: to date we have spent about Thirty Million Dollars of that One Hundred Five Million Dollars, and the reason we've only spent about Thirty Million Dollars is because we can't possibly spend that money fast enough, so we borrowed One Hundred Five Million Dollars, we have earned Fourteen Million Dollars on the interest on that money because we borrowed it, put it in the bank, and now are earnin interest. I don't believe any of you folks will agree that that was a smart idea. That's like buyin a \$500,000 house and borrowing a Million, a Million Dollars - \$500,000 more than you need, so Mr. Fish, you know, don't try to reflect, deflect you're responsibility as Finance Chairman for those mistakes [inaudible] synthetic bond issue where you were told not to do it, all those mistakes that you're trying to lay off on someone else and tryin to lay at me, I think, you need to stand up and acknowledge that you had a responsibility in that." [applause]

Committee Member Callanan: "Mr. Chairman."

Committee Member Fish: "Mr. Chairman. Let me respond to that."

Chairman Schurlknight: "Okay, respond to the Chair, and Mr. Davis [inaudible] respond to the Chair."

Committee Member Fish: "[inaudible] basically back in those days is that and prior [inaudible] we were Council was kept informed pretty much what was goin on there was a lot of trust level, and now everything's a secret, everything's after the fact, and that's where that comment comes from, so and yes we were informed, the minutes reflect that, that they were asked directly is there any risk to that [inaudible] risk is for [inaudible] to go bankrupt so that [inaudible] advice that we take [inaudible] so. Thank you."

Committee Member Call: "Mr. Chairman."

Committee Member Farley: "Mr. Chairman."

Chairman Schurlknight: "Yea. I think Mr. Callanan was next."

Committee Member Callanan: "I'll let Mr. Farley speak and then I'll go, if that's alright."

Chairman Schurlknight: "Well, Mr. Call is after you."

Committee Member Callanan: "Well, I'll go then. The issue is, you brought up a good point that when you had that workshop you looked at projects and determined whether they were viable to complete or not, so that begs the question why was 311 not one of the projects that we decided not to complete and rather was one of the projects we decided to pursue. The, you know, and the other issue about they were told not to get into the interest rate swap – that is not accurate at all. That information, Council, and I would be happy to provide because I was not there, I pulled the tape of the meeting, I would be happy to provide that tape of the meeting where they were told just the opposite, and I intend to pursue that with the issuer of that bond but you know, for, I just think those two points need to be brought up to rebut those two things that you just said."

Chairman Schurlknight: "The Chair just wants to make a comment to that. You would think when you're dealin with public funds and you hear the words 'synthetic' 'variable', my God some red flags need to come up and some questions need to be answered, not just if they go broke we gonna lose out on it. That's our biggest problem is takin public funds, public money – this isn't private sector – and putting em in to a high risk type bond issue."

Committee Member Farley: "Mr. Chairman, at that time I think David Jennings you were the one who told us that there was an avenue out there of a swap rate that we could save and I think the figure was \$247,000 a year in interest and this was the

information that was given to us and then we came back and Mr. Crosby at that time asked for the Bank of America man to explain this and it was at that meeting, everything was said 'swap rate'. I don't know that synthetic rates or variable rates or anything like that was even mentioned, but it was a 'swap rate'. Is that right Mr. Davis?"

Committee Member Steve Davis: "That's right. I remember vividly cross-examining our County Attorney Mr. Jennings at that time and Mr. Rozier came to his defense and ran me off the cross-examination. I remember very specifically." [laughter]

Committee Member Farley: "That's what I was saying, is they told us at that time that we could save right at a Quarter of a Million Dollars a year, and who in their right mind would not take and entertain a way to save the County a Quarter of a Million Dollars a year? That's all."

Committee Member Callanan: "Mr. Chairman."

Committee Member Call: "Mr. Chairman."

Chairman Schurlknight: "Mr. Call."

Committee Member Call: "I would ask the Parliamentarian if it would be possible for me to ask a question of Mr. Callanan? He can decline to answer."

County Attorney Ewing: "Without researching further into Robert's Rules and finding a specific answer to that question, Robert's standard rule is that any questions or any comments should be addressed to the Chair."

Chairman Schurlknight: "Mr. Call, [inaudible] address it to the Chair."

Committee Member Call: "Mr. Chairman."

Chairman Schurlknight: "Yes sir."

Committee Member Call: "A statement was made to me that one of the reasons that we wanted to put this issue off a month was that there was a shocker in the audit and I'm just tryin to find out which issue was the shocker."

Committee Member Callanan: "Want me to answer?"

Chairman Schurlknight: "You gonna answer? You got the floor."

Committee Member Callanan: "I consider a shock as something that – I don't think I used the word, well actually I think I said use the word 'shocking' – but I'll tell you this – and I have a statement after this as well – that I don't think anyone can sit here after they've had their rates raised 30% and see that the County wasted over \$1.1 Million Dollars on a water line to provide water for seven people [applause] without dropping

your jaw and saying geez, that's a little shocking. That's the first issue. The other issue is on that synthetic bond and I probably am still the only one who's listened to this tape because I think I'm the only one who's pulled the tape but it, we, County did its due diligence on that. It didn't just approve it, it required the person from Bank of America to make a presentation to Council to discuss the risks of the bond. He did that. Now, he did that except he left out nearly all of the risks, with the exception of the risk that would never happen. And so, when that meeting was over everybody looked at it, he said our only risk here and this is practically verbatim, but or, if Bank of America goes bankrupt or if – which at the time was highly unlikely but it's never happened – or if the Federal government no longer allows you to deduct the interest on municipal bonds. That is the difference of the risk between a fixed bond and a swap bond. That is so far from the truth that, you know, everybody in here should be extremely angry because if they'd voiced the actual risk of that bond, there's no doubt in my mind that there's no way people would have voted on it. But when you spell it out, when you hire a professional to tell you – who has a fiduciary responsibility – to tell you accurate information about the risks of an investment and then he comes back and tells you and misstates what the risks are, and then you make a vote on that, yea, I think Council has grounds to go after him and I hope we do, but it's not a reckless action of Council. We relied on the professionals to give us advice, we didn't just rely on the Supervisor to tell us this is a good idea. No. We made the professionals come in here, do the – they made the professionals come in here, do the presentation, they did it, they gave the bad information, and we ended up paying eight and a Half Million Dollars for it and I hope we pursue this in the courts.

Chairman Schurlknight: “Okay. Do we have any other questions.”

Committee Member Call: “Mr. Chairman, may I have the floor?”

Supervisor Davis: “Mr. Chairman, just one last comment.”

Committee Member Call: “Sorry.”

[inaudible]

Supervisor Davis: “I just want to remind Council that there were two letters from Ross Sinclair advising against this synthetic bond issue, is that correct Mr. Finney?”

Mr. Finney: “I know specifically there was one to Mr. Hehn that recommended that they not go forward with it. Yes.”

Supervisor Davis: “I can only assume that information reached Council, but ...”

Committee Member Callanan: “Why would you assume that? Why don't you ask. Cause I can tell you what now, everyone I've asked here did not see it.”

Committee Member Call: “[inaudible] office.”

Supervisor Davis: "I can only go on the record, there was a letter sent to the County recommending against it and then Ross Sinclair was dismissed and they were the financial advisor - I think I would have asked the question if they were terminated - I think I would have asked the question why were they terminated? I think that would have eventually led to discovery of why and then you would and then Council would have had the information. But experts did advise against the bond swap."

Committee Member Steve Davis: "Mr. Chairman, just one last question. That was wishful thinking Dan Davis if you thought that was gonna happen ask those questions. You know, I'm not as sophisticated as Mr. Tim Callanan and the stock market and those type bonds but I think we did a pretty good question and you know sometime you just can't get answers regardless, okay..."

Committee Member Callanan: "You were not in attendance at that meeting."

Committee Member Steve Davis: "Okay. Thank you. [laughter] Thank you, Mr. Tim." [laughter]

Committee Member Call: "Mr. Chairman."

Chairman Schurlknight: "Mr. Call, you may [inaudible]."

Committee Member Call: "Hope we can get past that issue. Mr. Finney, in your - and again, we may need Micah's help - Page 91 there's a Kenner Hill sewer extension comes out of a bond issue, 05 bond, Nine Million Dollars."

Mr. Finney: "Right."

Committee Member Call: "Has that money been reallocated or is that project still a viable project? What happened to that Nine Million Dollars?"

Mr. Miley: "The Kenner Hill sewer extension - when Google came to Berkeley County - kind of changed on where we're able to accept flow in to the sewer system and what was going on in Central Berkeley was relooked at from being a smaller plant to being set up as being a large plant, the Kenner Hill sewer was degravity going towards the lower plant and its being reworked into Central Berkeley flow diversion to pick up the same portion of the County with sewer flow but take it to Central Berkeley."

Committee Member Call: "Okay. Did Council vote on that?"

Mr. Miley: "I would have to look back in the records and see how the Director brought it to the Council."

Committee Member Call: "Are you familiar with a Pine Hill tract that that sewer line went through?"

Mr. Miley: "Pine Hill? No sir, not really."

Committee Member Call: "Hold on a second. Give me a second. 2008 tract it was between – where was Kenner Hill to start at?"

Mr. Miley: "Kenner Hill was to start at 17A just north of, sorry, just south of Oakley Road."

Committee Member Call: "And it was to go to...?"

Mr. Miley: "...Lower Berkeley, so it would go basically on the backside of what's now Foxbank, come back over through the area around the Commerce Park, and get into the gravity sewer goin toward Lower [inaudible]."

Committee Member Call: "So you're not familiar with any owners of the land that you had to take this line through?"

Mr. Miley: "The Kenner Hill was a design looking at the ..."

Committee Member Call: "I understand now, that's out near the Jedburg area, not, the Carnes Crossroads area."

Mr. Miley: "Yes sir, just north of Carnes Crossroad."

Committee Member Call: "Okay. And it was supposed to go to Lower Berkeley?"

Mr. Miley: "Yes sir."

Committee Member Call: "Now it went to center, Central Berkeley?"

Mr. Miley: "Yes sir."

Committee Member Call: "And you don't know who was affected by [inaudible] sewer line was but you don't know who was along that line as far as property owners go?"

Mr. Miley: "We never got to the point with Kenner Hill of doing design stages of getting to the property owners between 17A and 52. The area of the County that was going to serve is what is from Carnes Crossing north up to Cane Bay wrapping back around toward Moncks Corner – that entire area between Black Tom and 17A."

Committee Member Call: "And so Kenner Hill basically just fell off this list. Is that correct?"

Mr. Miley: "The Central Berkeley flow diversion is doing the same functionality as Kenner Hill, so the effects of the project as what it does to our Master Plan is still in place."

Committee Member Call: "Kind of like 311 – just fell off the list. It wasn't necessary to put 311 on the list. You got water mains in subdivisions and you've got to have a pipe get water to em. You can't have Colin Martin stand out there and pour a bucket of water in the fire hydrant every time somebody flushes their toilet. Thank you Mr. Chairman."

Chairman Schurlknight: "Thank you. Any other comments? Okay. Thank you Larry. We really do appreciate it."

Mr. Finney: "Thank you, Mr. Chairman."

- B. Ms. Kace Smith, Berkeley County Finance Director, Re:**
1. Proposed Capital Projects, General Obligation Bonds Series 2009A.
 2. Five-Year Capital Improvement Program.

Chairman Schurlknight: "Next on the agenda, we are going to hold Item B and hopefully have it ready by next Finance meeting."

C. Consideration of a resolution accepting a grant of Two Million One Hundred Thousand Dollars (\$2,100,000) from the South Carolina State Infrastructure Bank and authorizing the County Supervisor to execute an intergovernmental agreement.

It was moved by Committee Member Callanan and seconded by Committee Member Fish to **approve** consideration of a **resolution** accepting a **grant of \$2,100,000** from the South Carolina State Infrastructure Bank and authorizing execution of an **intergovernmental agreement**. The motion passed by unanimous voice vote of the Committee.

Chairman Schurlknight: "Next on the agenda is:

D. Consideration of a resolution authorizing a grant of Two Million One Hundred Thousand Dollars (\$2,100,000) to TBC Retail Group, Inc., for improvements to Drop-Off Drive and adjacent public roads; and other matters related thereto.

It was moved by Committee Member Fish and seconded by Committee Member Callanan to **approve** consideration of a **resolution** authorizing a **grant of \$2,100,000** to the **TBC Retail Group, Inc.**, for improvements to Drop-Off Drive and adjacent public roads. The motion passed by unanimous voice vote of the Committee.

Chairman Schurlknight: "I'll entertain a motion for adjournment."

It was moved by Committee Member Steve Davis and seconded by Committee Member Cathy Davis to **adjourn** the meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 8:04 p.m.

March 22, 2010
Date Approved